



**LEGISLATION & PUBLIC
INFORMATION UNIT**

1831 K Street
Sacramento, CA 95811-4114
Tel: (916) 504-5800
TTY: (800) 719-5798
Toll Free: (800) 776-5746
Fax: (916) 504-5807
www.disabilityrightsca.org

Summary of The Governor's Proposed Budget for 2019-20 Impacting Persons with Disabilities

Governor Newsom released his 2019-20 proposed budget on January 10, stating that this budget is intended as a new beginning and a reanimation of the California Dream. This budget provides investments in critical programs for people with disabilities and those in poverty that have not been able so far to fully benefit from the accumulated budget surpluses. The proposed budget assures ongoing full funding of In-Home Supportive Services; expands special education services; expands funding for addressing homelessness and mental health services; makes a commitment to more affordable and universal health care; and expands the Earned Income Tax Credit. The budget makes new bold investments and continues to responsibly protect the fiscal health of the state.

The following are some of the key items in the budget impacting persons with disabilities and the programs that provide their support.

Early Childhood

The proposed budget includes a comprehensive package of investments in early childhood programs. The package includes:

- \$750 million one-time funds to construct or retrofit school facilities to create capacity for universal full-day kindergarten in every school district.
- \$130 million over three years to fund a total of 200,000 child care slots by 2021-22 as a step toward universal preschool.
- \$500 million one-time funds to expand subsidized child care facilities in the state.

- \$247 million in one-time funds to California State University for child care infrastructure on college campuses.

Education

The Governor emphasizes in his proposed budget long-term fiscal stability with increases in K-12, higher education, a one-time contribution to teacher pensions, and a \$1.8 billion investment in early childhood education. Guaranteed funding under Proposition 98 provides a \$2.8 billion increase in 2019-20 over 2018-19.

K-12

The proposed budget includes \$187 million cost of living adjustments for categorical Prop 98 programs. These programs include special education, child nutrition, state preschool, and youth in foster care. Other increases include \$119.4 million non-Proposition 98 General Fund (GF) for CalWORKs child care.

Special Education

The Governor is proposing policy changes in three key areas to improve a special education system described as complex, fragmented, and costly. The three areas are: (1) Transitions between regional centers and local education agencies (LEAs) for three-year olds; (2) Coordination between general education and special education; and (3) Transparency in local planning.

The proposed budget includes \$576 million from Proposition 98 GF (\$186 million one-time) for expanded services and supports at LEAs targeting students with disabilities, students with low-incomes, students in foster care, and English language learners. These funds are intended to supplement services not already included in an individualized education program (IEP).

Higher Education

The governor proposes \$1.4 billion (\$942 million ongoing) for higher education, a 4.1% increase over 2018-19. Resources are intended for the University of California (UC), California State University (CSU) systems and for community colleges (CCC).

UC

- \$240 million ongoing GF increase for several purposes, including student mental health, hunger, and homelessness.
- \$5.3 million increase for the Counseling and Psychological Services program.
- \$1.3 million ongoing GF support for the immigration legal services program starting in the 2022-23 budget year.
- \$49.9 million for efforts to improve student success, timely completion of degree programs, and closing the attainment gap between students from disadvantaged backgrounds and other students.
- \$15 million for extension centers to outreach to students and provide options for completing a degree.

CSU

\$300 million ongoing increase for CSU, to support the same or similar services as those at UC with tuition remaining flat, and to fund services, including, addressing student hunger and housing needs, and legal services for students, staff and faculty without documentation.

CCC

\$40 million from Proposition 98 GF to add a second year of tuition free community college, extending the first-year fee waiver in the California College Promise, which was established by AB 19 in 2017.

Student Aid Commission

\$9.6 million for the California Student Aid Commission to increase the number of Competitive Cal Grant Awards by 4,250, from 25,750 to 30,000 at UC, CSU and CCC.

Medi-Cal/Health

The Governor's proposed budget includes a series of changes and investments to make health care more affordable and to make progress in achieving universal health care. Health is a key priority for the Governor in the 2019-20 budget.

The proposed Medi-Cal Budget is \$100.7 billion (\$22.9 billion GF). Medi-Cal enrollment is estimated at \$13.2 million in 2019-20, which includes \$3.8 million in the optional MediCal expansion population, amounting to \$19.9 billion (\$2.2 billion GF) in 2019-20 for this population.

Expanding Coverage

The proposed budget increases subsidies through Covered California for individuals with incomes between 250% and 600% of the federal poverty level, funded through a state-based individual mandate. The budget also proposes to increase the state's movement toward universal coverage by adding young adult immigrants (age 19 through age 25) to those who receive full-scope Medi-Cal regardless of immigration status. The anticipated cost is \$260 million, (\$196.5 million GF) for this full-scope Medi-Cal expansion. Approximately 138,000 young adults would receive coverage as part of the full-scope Medi-Cal expansion.

Proposition 56

In 2016, voters approved a \$2 per pack tobacco tax, with most of the revenue going to Medi-Cal for provider payments. \$1.05 billion in Proposition 56 funding is projected for that purpose in the proposed budget, with a total of \$3.2 billion supplemental payments and rate increases. Proposition 56 revenues are also expected to backfill other programs including the Breast Cancer Research Fund and Tobacco Prevention and Control.

Pharmacy

As a large purchaser of prescription drugs, the state buys medications in fragmented ways for several different programs. To increase state leverage, the proposed budget will transfer to fee-for-service all pharmacy services currently provided as a managed care Medi-Cal benefit. In addition, the Governor will propose legislation to create a bulk purchasing program, to operate as a single-payer for public and private, reducing costs for all.

Mental Health

The budget proposes additional funding across various programs to establish enhanced mental health services. The additional funding includes:

- \$500 million to site and build emergency shelters and supportive housing for homeless mentally ill persons.
- \$50 million to increase mental health practitioner mental health training.
- \$25 million to provide early detection and treatment for young people who are experiencing or at risk of experiencing psychosis.
- \$5.3 million to expand mental health services at University of California campuses.
- \$100 million for Whole Person Care Pilot Programs that coordinate mental health and social services and supportive housing.
- \$70 million for county mental health programs as a result of increasing the share of costs in county In-Home Supportive Services programs.
- Expedites the allocation of bond awards from the “No Place Like Home” program to create new supportive housing.

Homelessness and Housing

The proposed budget includes:

- \$200 million for local jurisdictions that show progress in developing housing and shelter, including permitting new supportive housing units which can be used for general purposes.
- \$500 million in one-time funds to expand the California Finance Agency’s Mixed-Income (AMI) Loan Program to develop housing for households with incomes ranging from 30-120% of AMI.
- \$250 million for grants to local jurisdictions for plans to accommodate housing, such as rezoning to higher densities, environmental reviews, and revamping local approval processes.

Intellectual/Developmental Disabilities

The Department of Developmental Services includes \$7.8 billion (\$4.8 billion GF) and estimates 350,000 individuals will receive developmental services by the end of 2019-20. The following are a few highlights:

Developmental Centers

In 2015, the state announced the planned closure of the three remaining developmental centers: Sonoma, Fairview, and the general treatment area of Porterville. As residents transition out of Sonoma, Fairview, and the general treatment area at Porterville, the developmental center population will be as follows: 323 residents by July 1, 2019, and 292 residents by June 30, 2020.

After closure, the Department will continue operating the secure treatment program at Porterville, the Canyon Springs community facility, and state-operated acute crisis facilities in Northern and Southern California. The proposed budget includes \$5.3 million (\$4.8 million GF) to expand acute crisis services and mobile crisis services in the Central Valley.

Community Services

With the closure of the developmental centers the department is strengthening its focus on community services. The proposed budget includes:

- \$8.1 million (\$6.5 million General Fund): For a reorganization of departmental headquarters including increased oversight of regional centers and provider operations as well as enhanced program compliance. This includes 7 regional center monitoring teams, including 4 in the south and 3 in the north to address issues that arise at regional centers and make sure they are worked through in a timely in programs; for RC board oversight, and to assist moving forward programs like self-determination and to address disparities.
- \$5.4 million (\$3.7 million General Fund) to establish a reduced regional center caseworker caseload ratio for consumers with specialized medical and behavioral needs.
- \$ 4.5 million General Fund (GF) one-time to expand the development of community crisis housing specifically for children.
- \$3.8 million (\$2.6 million GF) for the increased monitoring of Enhanced Behavioral Support Homes and Community Crisis Homes. Reduced caseload ratios for regional centers for these particular models.

- \$47.8 million (\$28.7 million GF) reduction due to the expiration of the one-time 2018-19 appropriation for reinstatement of the Uniform Holiday Schedule, effective July 1, 2019.
- \$21.6 million reduction (\$14.5 million GF) due to closure of the three remaining Developmental Centers.
- \$76.0 million (\$38.4 million GF) increase for the SB 3 minimum wage increase to reflect the estimated full-year cost of the January 1, 2019 California minimum wage increase from \$11.00 to \$12.00 per hour. An increase of \$83.0 million (\$41.7 million GF) to reflect the estimated half-year cost of the January 1, 2020 California minimum wage increase from \$12.00 to \$13.00 per hour.
- \$42.0 million (\$25.0 million GF) decrease due to the expiration of the one-time appropriation in 2018-19 bridge funding for providers.
- The proposed budget does not provide for the restoration of social recreation and camping.

State Operated Residential and Community Facilities Program

The Governor's budget proposes a total of \$309.5 million (\$265.8 million GF) for the State Operated Residential and Community Facilities Program; a decrease of \$84.9 million (\$40.8 million GF) from the 2018-19 updated budget. The decrease reflects an adjustment in operations expenditures of \$82.9 million (\$37.0 million GF) comprised of \$70.5 million in Personal Services and a \$12.4 million in operations due to a reduction in resident population. The decrease includes the following net adjustments:

- \$11.7 million (\$7.3 million GF) increase and 100.6 positions to operate one 5-bed additional STAR home in Northern California and to develop two Central Valley STAR homes, and a Central Valley Crisis Assessment Stabilization Team (CAST) as part of the Department's ongoing Safety Net planning.
- \$5.0 million one-time GF increase for Deferred Maintenance at Porterville.
- \$1.0 million GF increase for 8.0 Regional Resource Development Project (RRDP) staff required to continue monitoring of Sonoma residents who transitioned to the community.

- \$5.3 million GF increase for the ongoing cost of workers' compensation claims from open and closed facilities.

In-Home Supportive Services

The Governor proposes \$12.7 billion for IHSS (\$4.3 billion GF), which is a 15.2% increase in General Fund spending over 2018-19, for an estimated 564,000 clients, a 4.5% increase over the last budget.

Permanent restoration of 7% hours cut

The IHSS proposal restores the 7% reduction in hours that had been funded by the managed care organization tax. The restoration is not contingent on a renewal of the tax, which expires July 1, 2019. The restoration, estimated at \$342.3 million, will come from the state GF.

Electronic Visit Verification

The Governor's budget includes \$34.9 million (\$5.3 million GF) for Electronic Visit Verification (EVV) implementation. The federal EVV requirement, effective January 1, 2020, penalizes states that fail to comply. The EVV implantation in the Governor's budget includes enhancements to the Case Management, Information and Payrolling System (CMIPS).

County Funding

County Maintenance-of-Effort (MOE) reset the counties' base for IHSS and included an annual inflation factor. For 2018-2019, the Governor proposes state GF dollars to reduce the county MOE obligation (applicable to services) to \$1.6 billion. The Governor also proposes an ongoing \$15.4 million GF increase for IHSS county administration, bringing the total for county administration to \$326 million GF.

CalWORKS

The budget proposes to end deep poverty for families in the CalWORKS program. The budget would add:

- \$455 million in full year costs to increase CalWORKS grants beginning in October to 50 percent of the federal poverty level which is a 13.1 percent increase in monthly grant amounts.
- \$78.9 million to expand the number of families eligible for home visiting services when there are children up to 24 months old.

- \$700 million to increase the Safety Net reserve bringing the total amount in the fund to \$900 million.

SSI/SSP

The budget does not include any increase in the State Supplemental Program for SSI recipients either for a restoration of a COLA in the budget year or a restoration of the reductions made in 2009. The budget does make permanent the “Hold Harmless” programs created in the current year budget when the SSI cashout was eliminated allowing SSI recipients to receive SNAP benefits. The budget also provides \$25 million in ongoing funding for the Housing and Disability Advocacy Program (HDAP) which provides funding to counties to engage in advocacy to establish SSI eligibility for people with disabilities.

Earned Income Tax Credit

The budget proposes a new "Working Families Tax Credit" by more than doubling the size of the state's Earned Income Tax Credit to \$1 billion. This tax break will support low-income families with young children by providing a \$500 credit for families with children under the age of six. The credit will be expanded to reach full-time workers earning \$15 per hour—reaching 400,000 additional families. This expanded "Working Families Tax Credit" is intended to be funded as part of a revenue neutral tax conformity package that will bring components of the state's tax policies in line with the new federal law and remove administrative burdens for small businesses.

Department of State Hospitals

The proposed budget includes:

- \$1.8 million and 8 positions to both expand partnerships with community colleges to increase capacity in existing Psychiatric Technician training programs, and to establish a Forensic Psychiatry Residency program at Napa State Hospital. Individuals participating in the residency program will provide treatment, reducing the need for contract services. Historically, many participants in similar programs are retained after the program is completed.
- \$3.34 million in FY 2019-20 and ongoing to implement a new and uniform minimum wage structure for DSH's Vocational Rehabilitation Program. The request is intended to help DSH standardize the patient wage structure across patient-worker

commitment types and across hospitals to continue patient vocational treatment programs.

Incompetent to Stand Trial

The proposed budget includes \$18.6 million towards 119.3 positions for the second phase of the Metropolitan State Hospital's secured treatment area expansion to provide a total of 236 additional secured forensic beds for the treatment of those incompetent to stand trial (IST) at the Metropolitan State Hospital. The Budget also includes \$12.3 million General Fund to allow the department to contract for up to 74 additional jail-based competency restoration treatment beds through the county jail treatment programs. These efforts are intended to reduce the pending placement time for ISTs and the waitlist.

Alzheimer's Research

The budget proposes to add \$3 million GF for Alzheimer's Disease Program Grant Awards and a Governor's Task Force on Brain Health.

Traumatic Brain Injury Program

The proposed budget funds the Traumatic Brain Injury Program, which provides specialized services and supports through local entities to individuals who have a traumatic brain injury, with a \$1.2 million augmentation. The Budget restores funding to historical levels and provides a dedicated and sustainable funding source through 2023-24.

Emergency Preparedness

Wildfires have caused unprecedented damage over the last four years, with the 2018 Camp Fire being the deadliest in state history. The budget proposes an additional \$172.3 million for the Office of Emergency Services to improve preparedness and response. Funding includes \$60 million in one-time funding to continue improvements to the 9-1-1 upgrade, including \$10 million in the current year and \$50 million in 2019-2020. The budget proposes property tax backfill funding, \$31.3 million for cities, counties, and special districts, \$50 million GF for comprehensive, statewide education, and a one-time \$20 million augmentation for disaster assistance.

Public Safety

The proposed budget includes:

California Department of Corrections and Rehabilitation

- \$5.5 million for a package of programs to improve the literacy rates among offenders.
- \$2.5 million for expanded tattoo removal.
- \$8.4 million over two years to fund disability accessibility improvements for inmates with disabilities at the California Institution for Women and Mule Creek State Prison.

Proposition 47 Savings

The proposed budget estimates that the Proposition 47 savings will increase by \$13.8 million over the 2013-14 amount totaling \$78.5 million and will be allocated pursuant to the Prop. 47 formula.

Juvenile Justice Reorganization

The proposed budget also makes a long-needed reform in juvenile justice by reorganizing the Division of Juvenile Justice, moving it to a new department under the Health and Human Services Agency, to have a clearer focus on rehabilitation.

Equal Access Fund

There is no General Fund increase in the proposed budget for the Equal Access Fund, which provides funding for legal aid programs, including Disability Rights California.